

EXECUTIVE SECRETARIAT
ROUTING SLIP

*memo
Chromo*

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	EXDIR		X		
4	D/ICS				
5	DDI		X		
6	DDA				
7	DDO	X			
8	DDS&T				
9	Chm/NIC				
10	GC		X		
11	IG		X		
12	Compt				
13	D/OLL				
14	D/PAO				
15	D/PERS				
16	VC/NIC				
17			X		
18	C/SE/DO		X		
19	C/CI/DO		X		
20	ES		X		
21					
22					
SUSPENSE		26 March 1986 Date			

Remarks

TO #7: Please advise who will be the focal point for this PFIAB activity.

Executive Secretary

22 March 1986

Date

~~SECRET~~

DIRECTOR OF CENTRAL INTELLIGENCE

Executive Registry


86- 1203/1

22 March 1986

MEMORANDUM FOR: DDO
FROM: DCI
SUBJECT: PFIAB Study on Defectors

I told you about the PFIAB study on defectors. Dick Helms and Walter Lacqueur have accepted as my designees. Webster will appoint two members.

You ought to assign somebody to follow this. I enclose material that should be put in the file by whoever is doing this.


William J. Casey

Attachments:
Letters from Leo Cherne
dated 21 January and
21 February 1986

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such as next month — is tell- next summer, friends say.

CIA MAY LOSE JOB OF HANDLING DEFECTORS

WASHINGTON — The Reagan administration — unhappy with the CIA's handling of Soviet KGB agent Vitaly Yurchenko — may cut its role in dealing with defectors and give the job to the FBI.

"I think it's a great move," said a senior White House official.

He contends that defectors invariably establish closer relations with FBI agents

than with their CIA handlers.

The official said the proposal to give the FBI primary responsibility was spurred by Yurchenko's decision to return to the Soviet Union last fall, after three months in CIA custody.

White House spokesman Edward Djerejian acknowledged that the defector issue is being reviewed, but declined

further comment.

FBI and CIA officials also refused comment.

Other experts, all anonymous by request, said the government is weighing various proposals to entice disillusioned Soviet bloc agents to defect.

The options include granting high-ranking defectors permanent income, cutting the five- to 10-year waiting period for U.S. citizenship, and the creation of a defectors' "think tank" for policy-makers to consult.

Yurchenko, who defected last July, fled his CIA handlers Nov. 2 and returned to Moscow four days later, via the Soviet Embassy.

● Red heat on Yurchenko: P. 49.

U.S. may arm contras: Lugar

WASHINGTON — Senate Foreign Relations Committee chairman Richard Lugar — in a dramatic turnaround — predicts Congress will allow military aid to Nicaraguan rebels, The Post has learned.

Last April, Lugar (R-Ind.) killed President Reagan's aid request, saying the Senate would never pass it.

"Lugar thinks there is a chance that Congress would approve military aid for the contras," said Mark Helmke, a spokesman for the senator. "The mood is different this year."

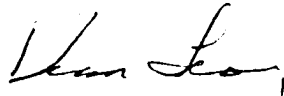
— RACHEL FLICK

Alan Greenspan

RICHARD NIXON

January 14, 1986

26 FEDERAL PLAZA
NEW YORK CITY



You were most kind to write as you did with regard to my remarks before the Mid-America Committee and the address to the Pumpkin Papers Irregulars. I was naturally very pleased to see that Bill Casey gave the speech high marks but surprised to see the New York Times carrying 1,500 words from the speech on its Op-Ed page. The Times, to put it mildly, was not one of my editorial supporters during the time that I was conducting the investigation.

I found your 46th annual forecast on economic and foreign policy issues fascinating. I am putting it in my file and will check your predictions at the end of the year. It will be hard for you to exceed your past track records.

I hope your modestly optimistic predictions for 1986 prove to be accurate, although speaking politically, I would much prefer to have a slow down or even a dip in the economy in the latter half of 1986 than to have it come in 1987 when it would be devastating to the chances for Republicans to retain the White House in 1988.

I thought you might find interesting the enclosed memorandum in which I set forth my evaluation of the political effects of Gramm-Rudman and tax reform on the economy. I hope my pessimistic concerns prove to be unwarranted.

Sincerely,



Mr. Leo Cherne

8 FEB 1986

Confidential Copy for William Casey*Leo Cherne*

*Executive Director
The Research Institute of America, Inc.
589 Fifth Avenue, New York, N.Y. 10017*

February 21, 1986

Judge William H. Webster, Director
Federal Bureau of Investigation
J. Edgar Hoover Building
Washington, D.C. 20535

Dear Judge Webster:

I just wanted to tell you that Bill Casey has suggested the two individuals who will be serving with Ed Bennett Williams and myself, and, hopefully, James Q. Wilson in our projected 5 or 6 month study of how we handle defectors.

That study will probably also, in lesser degree, examine how emigres are handled, especially in those circumstances in which they are used as sources of information. The two individuals Bill Casey has identified for our group and whom he will ask to serve are former DCI Richard Helms and social scientist historian Walter Laqueur. Laqueur has superb knowledge of intelligence, has had contact with the intelligence role in England, Israel, as well as the United States, and is an important member of the staff of scholars with the Center for Strategic and International Studies. He has recently written a major book on U.S. intelligence. He has spent much of his time overseas and is of foreign birth and, therefore, this adds a particular sensitivity to the aspect of foreign cultures with which we will be dealing.

I know you have been hoping to be able to suggest someone whose strength is in social psychology and, of course, that discipline would be very desirable. Let me throw out one suggestion. You may even know him.

Until several months ago, Lionel Olmer was Under Secretary of Commerce for International Trade. That, however, does not describe his particular competence. He is in his early fifties. He is now practicing law with Paul, Weiss, Rifkind, Wharton &

Judge William H. Webster
February 21, 1986
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Garrison, but until he was tapped for the Commerce job, had spent his entire life in naval intelligence and was, in fact, the Executive Director of the President's Foreign Intelligence Advisory Board when I was Chairman of that Board serving President Ford.

To my knowledge, he has had no contact with defectors, but his knowledge of intelligence and law are first-rate.

Let me be clear, however, that this is only a suggestion. As soon as you have identified the two individuals you would recommend, I hope you will do, as Bill Casey is doing, and personally invite them to serve. The amount of time they would spend during the several months starting at the end of March is not likely to be more than two days a month to sit and hear the observations of people within the community, the Federal Bureau, private organizations, defectors, and others who can add to our evaluation.

With my warmest regards.

Sincerely,



Leo Cherne

LC/cl

P.S. Earlier this week I addressed the National Strategy Information Center on the subject of intelligence requirements for the late 1980's. I am enclosing a copy of the speech just in the event that you will find it interesting, even though it is almost entirely devoted to the problems which confront the CIA.